

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Golden Township	County Oceana
Fiscal Year End 3/31/07	Opinion Date 8/24/07	Date Audit Report Submitted to State 9/20/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

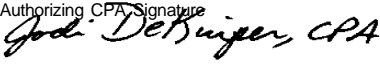
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☒ **Check each applicable box below.** (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ ☒ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☐ ☒ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe) Letter on Internal Control	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Hendon & Slate, PC		Telephone Number 231-924-6890	
Street Address 711 W. Main Street		City Fremont	State Zip MI 49412
Authorizing CPA Signature 		Printed Name Jodi DeKuiper	License Number 1101021180

**GOLDEN TOWNSHIP
OCEANA COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2007

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GOLDEN TOWNSHIP

Board Members

	<u>Position</u>
Don Walsworth	Supervisor
Connie Cargill	Treasurer
Laurie Kolosci	Clerk
Carl Fuehring	Trustee
Kevin Ackley	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Golden Township
Oceana County
Mears, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Township, Michigan as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 22 through 23, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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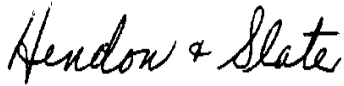
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Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
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Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
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Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Township, Michigan's basic financial statements. The individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.

Certified Public Accountants

August 24, 2007

GOLDEN TOWNSHIP

Management's Discussion and Analysis (MD&A)

For the Year Ended March 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 7.2% from a year ago - increasing from \$748,274 to \$802,512. The increase is due mainly to an increase in property taxes of approximately \$29,000 and a decrease in road fund expenditures of approximately \$44,000. The decrease in the road fund expenditures is a result of planned road work that did not begin until after the current fiscal year end of approximately \$32,000.

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Current Assets	\$ 647,388	\$ 594,876
Noncurrent Assets	<u>181,135</u>	<u>173,282</u>
Total Assets	<u>\$ 828,523</u>	<u>\$ 768,158</u>
Long-Term Debt Outstanding	\$ -	\$ -
Other Liabilities	<u>26,011</u>	<u>19,884</u>
Total Liabilities	<u>\$ 26,011</u>	<u>\$ 19,884</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 181,135	\$ 173,282
Restricted	23,118	22,449
Unrestricted	<u>598,259</u>	<u>552,543</u>
Total Net Assets	<u>\$ 802,512</u>	<u>\$ 748,274</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operating, increased by \$45,716 for the governmental activities. This represents an increase of 8.3%.

	Activities	
	<u>2007</u>	<u>2006</u>
Program Revenues		
Charges for Services	\$ 14,274	\$ 16,165
General Revenues		
Property Taxes	417,518	388,660
State Sources	132,589	134,772
Investment Earnings	12,817	10,169
Miscellaneous	<u>14,831</u>	<u>4,306</u>
Total Revenues	\$ 592,029	\$ 554,072

Management's Discussion and Analysis (Continued)

Program Expenses		
General Government	196,926	179,854
Public Safety	73,578	73,558
Public Works	193,781	237,268
Community/Economic Development	39,637	25,265
Recreation and Culture	21,763	23,688
Other	10,927	-
Capital Outlay	1,179	9,175
	<hr/>	<hr/>
Total Expenses	537,791	548,808
	<hr/>	<hr/>
Change in Net Assets	\$ 54,238	\$ 5,264
	<hr/>	<hr/>

The Township's total net assets continue to remain healthy. The total revenues increased by approximately \$38,000 and expenses decreased by approximately \$11,000. As a result, net assets grew by \$54,238, \$48,974 more than last year. As stated above, the decrease in expenses was due to planned road work not being started until after the current fiscal year end.

Governmental Activities

The Township's total governmental revenues increased by \$37,957. The following revenues saw the largest increases: Property Taxes by \$28,858 or 7.4%.

Expenses decrease by \$11,017 over the prior year. This decrease was partially due to planned road work not started until after the fiscal year end of approximately \$32,000. Some of this decrease was off-set by an increase in professional services of approximately \$15,000.

Business-Type Activities

The Township had no business type activities.

The Township's Fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund and Road Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant amendments were made for increases in township board - professional services, cemetery - capital outlay, and transfers out.

Capital Asset and Debt Administration

At the end of 2007, the Township had \$181,135 invested in a broad range of capital assets, including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the township's financial statements because of Michigan law, which makes these roads property of the Oceana County Road Commission (along with the responsibility to maintain them).

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 07/08 fiscal year projects that the revenues and expenditures will remain relatively the same as 06/07.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

GOLDEN TOWNSHIP

Government Wide Statement on Net Assets March 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 600,792
Taxes Receivable	35,009
Accounts Receivable-Fiduciary Funds	2,088
Prepaid Insurance	1,899
Restricted Cash	7,600
Property and Equipment	341,147
Accumulated Depreciation	<u>(160,012)</u>
Total Assets	828,523
Liabilities	
Accounts Payable	18,411
Deferred Revenue	<u>7,600</u>
Total Liabilities	<u>26,011</u>
Net Assets	
Invested in Capital Assets	
Net of Related Debt	181,135
Restricted for Perpetual Care	23,118
Unrestricted	<u>598,259</u>
Total Net Assets	<u><u>\$ 802,512</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Government Wide Statement of Activities For the Fiscal Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
General Government	\$ 196,926	\$ 14,274	\$ (182,652)
Public Safety	73,578	-	(73,578)
Public Works	193,781	-	(193,781)
Community/Economic Development	39,637	-	(39,637)
Recreation and Culture	21,763	-	(21,763)
Other	10,927	-	(10,927)
Capital Outlay	1,179	-	(1,179)
Total Primary Government	<u>\$ 537,791</u>	<u>\$ 14,274</u>	(523,517)

General Revenues

Property Taxes - Levied for General Purpose	184,001
Property Taxes - Levied for Public Works	233,517
State Sources	132,589
Interest	12,817
Miscellaneous	14,831
Total General Revenues	<u>577,755</u>

Change in Net Assets	54,238
Net Assets - Beginning	<u>748,274</u>
Net Assets - Ending	<u>\$ 802,512</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Governmental Fund Balance Sheet March 31, 2007

	<u>General Fund</u>	<u>Road Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Investments	\$ 309,265	\$ 276,299	\$ 22,828	\$ 608,392
Taxes Receivable	14,967	20,042	-	35,009
Due from Other Funds	2,088	-	1,294	3,382
Total Assets	<u>\$ 326,320</u>	<u>\$ 296,341</u>	<u>\$ 24,122</u>	<u>\$ 646,783</u>
Liabilities				
Accounts Payable	\$ 18,411	\$ -	\$ -	\$ 18,411
Withheld and Accrued Payroll Taxes	-	-	-	-
Due to Other Funds	1,294	-	-	1,294
Deferred Revenue	-	7,600	-	7,600
Total Liabilities	19,705	7,600	-	27,305
Fund Balances				
Unreserved	306,615	288,741	1,004	596,360
Reserved	-	-	23,118	23,118
Total Fund Balances	<u>306,615</u>	<u>288,741</u>	<u>24,122</u>	<u>619,478</u>
Total Liabilities and Fund Balances	<u>\$ 326,320</u>	<u>\$ 296,341</u>	<u>\$ 24,122</u>	<u>\$ 646,783</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended March 31, 2007

Total Governmental Fund Balances	\$	619,478
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period.		1,899
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset		341,147
Governmental Accumulated Depreciation		<u>(160,012)</u>

Total Net Assets - Governmental Activities:	\$	<u><u>802,512</u></u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance For the Fiscal Year Ended March 31, 2007

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 184,001	\$ 233,517	\$ -	\$ 417,518
State Sources	132,589	-	-	132,589
Charges for Services	14,274	-	-	14,274
Interest	5,757	6,056	1,004	12,817
Reimbursements	3,268	-	-	3,268
Other	8,471	2,423	669	11,563
Total Revenues	348,360	241,996	1,673	592,029
Expenditures				
General Government	180,457	-	-	180,457
Public Safety	73,578	-	-	73,578
Public Works	8,482	185,299	-	193,781
Community and Economic Dev.	39,637	-	-	39,637
Recreation and Culture	21,763	-	-	21,763
Other	10,927	-	-	10,927
Capital Outlay	25,084	-	-	25,084
Total Expenditures	359,928	185,299	-	545,227
Excess Revenue Over (Under) Expenditures	(11,568)	56,697	1,673	46,802
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(3,737)	3,737	-	-
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	(15,305)	60,434	1,673	46,802
Fund Balance - Beginning	321,920	228,307	22,449	572,676
Fund Balance - Ending	<u>\$ 306,615</u>	<u>\$ 288,741</u>	<u>\$ 24,122</u>	<u>\$ 619,478</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	46,802
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Amounts reported for governmental activities in the statement of activities are different because:

Prepaid Insurance reflects amounts that will be used in a future period.

Current Year Prepaid Insurance	1,899		
Prior Year Prepaid Insurance	<u>(2,316)</u>		(417)

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense

Capital outlay reported in governmental fund statements	25,084		
Capital outlay reported as expenses in statement of activities	(1,179)		

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) in assets

Depreciation expense reported in the statement of activities	<u>(16,052)</u>	7,853	
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Changes in Net Assets - Governmental Activities	\$	<u><u>54,238</u></u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Statement of Net Assets - Fiduciary Funds March 31, 2007

	<u>Tax Fund</u>	<u>Trust and Agency Fund</u>
Assets		
Cash and Investments	\$ 3,591	\$ 4,307
Liabilities		
Due to Other Funds	2,088	-
Due to Others	<u>1,503</u>	<u>4,307</u>
Total Liabilities	<u>3,591</u>	<u>4,307</u>
Net Assets		
Unreserved	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Notes to the Financial Statements For the Year Ended March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Golden Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Golden Township.

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Joint Venture

Hart Area Fire Administrative Board

The Township is a member of Hart Area Fire Administrative Board, which was organized to provide fire protection for its member units. It is a joint venture of four governmental units governed by a board composed of representatives from each of the respective member units. The joint venture is financed through contributions from each participating unit based upon that unit's state taxable value of property. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2006 audit report of the Hart Area Fire Administrative Board follows:

Notes to the Financial Statement (Continued)

Total Assets	\$ 223,693
Total Liabilities	<u>15,186</u>
Net Assets	<u>\$ 208,507</u>
Operating Revenues	\$ 157,945
Operating Expenses	<u>(109,626)</u>
Net Profit	<u>\$ 48,319</u>

Complete financial statements for Hart Area Fire Administrative Board may be obtained from Hart Area Fire Administrative Board, PO Box 125, Hart, MI 49420.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. The final payment of \$19,732 was received in February, 2007, thus no amount was recorded as receivable.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2006 delinquent taxes of \$35,009 were not received as of March 31, 2007.

The 2006 taxable valuation of the Township totaled \$129,348,288 on which ad valorem taxes levied consisted of 1.0186 mills for general operating and 1.8079 mills for roads raising \$132,660 for operating and \$233,422 for roads. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road fund accounts for the resources of property tax revenue and charges for services that are restricted for new road construction purposes.

In addition to the major funds, the Township reports the following fund types:

The Perpetual Care Fund is a permanent fund and accounts for perpetual care of the cemetery. All financial decisions concerning the Perpetual Care Fund are approved by the Township Board.

Notes to the Financial Statement (Continued)

Fiduciary Funds are used to account for assets held by a governmental unit as the trustee or agent for others. The Current Tax Collection Fund and the Trust and Agency Fund are the only fiduciary funds of the Township.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

E. Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Deferred Revenue - Receipts of revenue that are not for the current fiscal year are reported as deferred revenue. During year ended March 31, 2007, the Township collected \$7,600 from Silver Lake Chamber of Commerce to pay for the residential properties portion of a special assessment for road enhancement of the Silver Lake corridor. Construction is expected to begin in the Fall of 2008.

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Restricted Assets - Cash in the Perpetual Care Fund is restricted. The corpus can not be spent, however income earned from the restricted cash may be used to maintain the cemetery.

Restricted Cash - A portion of the cash in the Road Fund is restricted to pay for road enhancements for the Silver Lake Corridor special assessment.

Capital Assets - Capital assets, which include property, buildings and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend assets lives is not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against operations in the government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets.

Property, buildings and equipment is depreciated using the straight-line method over the following useful lives:

Land	N/A
Land Improvements	40 years
Buildings and Improvements	10 to 40 years
Equipment	7 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget</u> <u>Appropriation</u>	<u>Actual</u> <u>Expenditures</u>	<u>Difference</u>
General Fund - Zoning	\$ 39,559	\$ 39,637	\$ (78)
General Fund - Parks	21,463	21,763	(300)

NOTE C CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated four banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with the statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority except for an investment with AIG Annuity Insurance Company of Texas.

The Township's cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and Investments	\$ 600,792	\$ 7,898	\$ 608,690
Restricted Cash	7,600	-	7,600
	<u>608,392</u>	<u>7,898</u>	<u>616,290</u>
A summary by type are:			
Cash (Deposits)		Carrying Value	Market Value
Cash in Demand Accounts		\$ 233,100	\$ 419,836
Cash in Time Deposit Accounts		370,065	349,072
Total Cash		603,165	768,908
Annuity		13,125	13,125
Total Cash and Investments		<u>\$ 616,290</u>	<u>\$ 782,033</u>

The bank balance of the Township's deposits is \$768,908, of which \$226,562 is covered by federal depository insurance and \$542,346 is uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Notes to the Financial Statement (Continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the government's name.

At year-end, the Township's investments consisted solely of an annuity held with AIG Annuity Insurance Company of Texas. The annuity is not categorized because it is not evidenced by securities that exist in physical or book entry form. The fair market and carrying value of the annuity as of March 31, 2007 is \$13,125.

Depositories actively used by the Township during the year are detailed as follows:

1. Huntington Bank
2. Fifth Third Bank
3. West Shore Bank

NOTE D RECEIVABLES

Taxes receivable are for delinquent real property taxes purchased by the County of Oceana. Receivables as of year-end for the Township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General Fund	Road Fund	Perpetual Care Fund	Total
Taxes Receivable	\$ 14,967	\$ 20,042	\$ -	\$ 35,009
Less: Allow. for Uncoll.	-	-	-	-
Net Receivables	<u>\$ 14,967</u>	<u>\$ 20,042</u>	<u>\$ -</u>	<u>\$ 35,009</u>

No allowances have been made for non-collectable accounts because most delinquent receivables can be added to the tax roll if they remain unpaid and become a lien against the property.

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Depreciated				
Land	\$ 47,225	\$ -	\$ -	\$ 47,225
Capital Assets - Depreciated				
Land Improvements	35,000	23,905	-	58,905
Buildings and Improvements	169,871	-	-	169,871
Equipment	<u>65,146</u>	<u>-</u>	<u>-</u>	<u>65,146</u>
Subtotal	23,905	23,905	-	293,922

Notes to the Financial Statement (Continued)

Less Acc. Depreciation for				
Land Improvements	2,189	1,323	-	3,512
Buildings and Improvements	107,274	5,302	-	112,576
Equipment	34,497	9,427	-	43,924
Subtotal	16,052	16,052	-	160,012
Net Capital Assets depreciated	7,853	7,853	-	133,910
Total Governmental Activities				
Capital Assets - Net of Dep.	\$ 55,078	\$ 7,853	\$ -	\$ 181,135

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

General Government \$ 16,052

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund (Due From)		Payable Fund (Due To)	
General Fund	\$ 2,088	Tax Account	\$ 2,088
Perpetual Care Fund	1,294	General Fund	1,294
	<u>\$ 3,382</u>		<u>\$ 3,382</u>
Interfund Transfers			
<u>Transfers In</u>		<u>Transfers Out</u>	
Road Fund	\$ 3,737	General Fund	\$ 3,737

NOTE G PAYABLES

Payables at March 31, 2007, were as follows:

Hart Area Fire Board	\$ 17,698
Miscellaneous	713
Total Payables	<u>\$ 18,411</u>

NOTE H RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE I EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

The Township provides pension benefits to all of its full time employees through a defined contribution plan administered by Met Life of Connecticut. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The Township's current year pension cost was \$5,977. The Township paid \$9,729 during the year, including participant fees. \$3,752 was paid on behalf of the employees in the current year. Covered payroll for the current year is \$82,024; and total payroll of the Township is \$89,102.

GOLDEN TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 321,920	\$ 321,920
Resources (Inflows)				
Property Taxes	188,840	203,342	184,001	(19,341)
State Grants	129,000	136,700	132,589	(4,111)
Charges for Services	23,075	23,075	14,274	(8,801)
Interest	3,750	3,750	5,757	2,007
Reimbursements	-	-	3,268	3,268
Other	<u>600</u>	<u>600</u>	<u>8,471</u>	<u>7,871</u>
Amounts Available for Appropriation	345,265	367,467	670,280	302,813
Charges to Appropriations (Outflows)				
General Government	180,600	205,969	205,541	428
Public Safety	81,000	73,578	73,578	-
Public Works	8,300	8,482	8,482	-
Community and Economic Development	31,050	39,559	39,637	(78)
Recreation and Culture	23,050	21,463	21,763	(300)
Other	3,265	14,679	10,927	3,752
Operating Transfers Out	<u>18,000</u>	<u>3,737</u>	<u>3,737</u>	<u>-</u>
Total Charges to Appropriation	<u>345,265</u>	<u>367,467</u>	<u>363,665</u>	<u>3,802</u>
Budgetary Fund Balance-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,615</u>	<u>\$ 306,615</u>

GOLDEN TOWNSHIP

Required Supplementary Information
Budgetary Comparison Schedule for the Road Fund
For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 228,307	\$ 228,307
Resources (Inflows)				
Property Taxes	251,710	251,710	233,517	(18,193)
State Grants	3,600	3,600	-	(3,600)
Interest	4,000	4,000	6,056	2,056
Transfer In and Other	<u>18,000</u>	<u>18,000</u>	<u>6,160</u>	<u>(11,840)</u>
Amounts Available for Appropriation	277,310	277,310	474,040	196,730
Charges to Appropriations (Outflows)				
Public Works	<u>277,310</u>	<u>277,310</u>	<u>185,299</u>	<u>92,011</u>
Total Charges to Appropriation	<u>277,310</u>	<u>277,310</u>	<u>185,299</u>	<u>92,011</u>
Budgetary Fund Balance-Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 288,741</u></u>	<u><u>\$ 288,741</u></u>

GOLDEN TOWNSHIP

Combining Balance Sheet Non-Major Governmental Funds - Perpetual Care Fund March 31, 2007

	<u>Perpetual Care</u>
Assets	
Cash and Investments	\$ 22,828
Due from Other Funds	<u>1,294</u>
Total Assets	<u><u>\$ 24,122</u></u>
 Liabilities and Fund Equity	
 Liabilities	
Total Liabilities	\$ -
 Fund Equity	
Fund Balances - Reserved	1,004
- Unreserved	<u>23,118</u>
 Total Liabilities and Fund Equity	<u><u>\$ 24,122</u></u>

GOLDEN TOWNSHIP

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - Non-Major Governmental Funds - Perpetual Care Fund
For the Fiscal Year Ended March 31, 2007

	<u>Perpetual Care</u>
Revenues	
Interest	\$ 1,004
Other	<u>669</u>
Total Revenues	1,673
Expenditures	
General Government	<u>-</u>
Total Expenditures	<u>-</u>
Excess Revenue Over (Under) Expenditures	1,673
 Fund Balance - Beginning	 <u>22,449</u>
Fund Balance - Ending	<u><u>\$ 24,122</u></u>

GOLDEN TOWNSHIP

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2007

	Budget	Actual	Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 203,342	\$ 184,001	\$ (19,341)
State Grants	136,700	132,589	(4,111)
Charges for Services			
Cemetery Charges	6,875	2,131	(4,744)
Zoning Charges	16,200	12,143	(4,057)
Interest	3,750	5,757	2,007
Reimbursement	-	3,268	3,268
Other	600	8,471	7,871
Total Revenues	367,467	348,360	(19,107)
Expenditures			
General Government			
Township Board			
Salaries and Wages		\$ 3,750	
Office Supplies		6,990	
Printing & Publishing		1,926	
Professional Services		25,047	
Membership & Subscriptions		2,120	
Mileage Reimbursement		135	
Insurance & Bonds		7,038	
Miscellaneous		447	
	\$ 47,482	47,453	\$ 29
Supervisor			
Salaries and Wages		10,300	
Printing & Publishing		1,629	
Professional Services		5,935	
Supervisor Mileage		600	
	18,839	18,464	375
Elections			
Salaries and Wages		2,104	
Supplies		333	
Printing & Publishing		205	
Professional Services		447	
	3,089	3,089	-

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Clerk			
Salaries and Wages		\$ 15,000	
Clerical Help		589	
Mileage		<u>1,200</u>	
	\$ 16,789	16,789	\$ -
Board of Review			
Salaries and Wages		1,128	
Printing & Publishing		432	
Professional Services		<u>96</u>	
	1,656	1,656	-
Treasurer			
Salaries and Wages		19,500	
Clerical Help		8,116	
Printing & Publishing		5,729	
Professional Services		776	
Mileage		<u>1,200</u>	
	35,321	35,321	-
Township Hall and Grounds			
Operating Supplies		130	
Repairs and Maintenance		700	
Professional Services		1,990	
Service Contracts		218	
Public Utilities		5,140	
Capital Outlay		<u>165</u>	
	8,628	8,343	285
Assessor	33,000	33,374	(374)
Cemetery			
Salaries and Wages		7,579	
Operating Supplies		3,122	
Professional Services		5,019	
Public Utilities		413	
Capital Outlay		<u>24,919</u>	
	<u>41,165</u>	<u>41,052</u>	<u>113</u>
Total General Government	205,969	205,541	428
Public Safety			
Police Patrols - Other Governments	3,628	3,628	-
Fire Department - Service Contract	<u>69,950</u>	<u>69,950</u>	<u>-</u>
Total Public Safety	73,578	73,578	-

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Public Works

Street Lights - Public Utilities	\$ 4,246	\$ 4,246	\$ -
Drains - Other Governments	4,236	4,236	-
Public Works	<u>8,482</u>	<u>8,482</u>	<u>-</u>

Community/Economic Development

Zoning			
Salaries		19,000	
Salaries-Part Time		200	
Per Diem-PC & ZBA		6,981	
Printing & Publishing		1,381	
Professional Services		10,925	
Mileage		<u>1,150</u>	
Total Community/Economic Development	39,559	<u>39,637</u>	(78)

Recreation and Culture

Parks			
Salaries & Wages		1,500	
Operating Supplies		16	
Miscellaneous		402	
Professional Services		4,699	
Public Utilities		<u>146</u>	
	6,463	<u>6,763</u>	(300)
Library			
Professional Services	<u>15,000</u>	<u>15,000</u>	-
Total Recreation and Cultural	<u>21,463</u>	<u>21,763</u>	<u>(300)</u>

Other

Payroll Taxes and Fringe Benefits	<u>14,679</u>	<u>10,927</u>	<u>3,752</u>
Total Expenditures	<u>363,730</u>	<u>359,928</u>	<u>3,802</u>
Excess Revenues Over (Under) Expenditures	3,737	(11,568)	(15,305)

Other Financing Sources (Uses)

Operating Transfers Out	<u>(3,737)</u>	<u>(3,737)</u>	-
Excess Revenues and Sources Over (Under) Expenditures and Uses	-	(15,305)	(15,305)
Fund Balance - Beginning	<u>321,920</u>	<u>321,920</u>	-
Fund Balance - Ending	<u>\$ 321,920</u>	<u>\$ 306,615</u>	<u>\$ (15,305)</u>

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

August 24, 2007

Township Board
Golden Township
Oceana County, Michigan

Dear Board Members:

We would like to thank you for the opportunity to provide our auditing services. It was a pleasure working with the township treasurer and clerk during the audit engagement.

A recent change in auditing standards (SAS 112 - *Communicating Internal Control Related Matters Identified in an audit*) now requires that we provide a new letter, which we have included, that focuses on the internal controls over financial reporting.

Illegal Investments

As noted in the prior year, the Township currently holds an illegal investment according to the State of Michigan and the Township investment policy. As previously recommended, the Township should sell the illegal investment and properly deposit the funds in a legal investment. The Treasurer indicated that the investment matures within the next year and intends to convert the investment at that time.

Budgets

In the prior year recommendations we noted that the budget was reviewed during the year and the appropriate budgets were provided to us during the audit. However, we noted that the approved and amended budgets did not include all required information as provided by the Budget Act. The Township should include a beginning and ending fund balance along with the revenues and expenditures. We also noted that the budget document does not include current and prior year information as recommended by the Budget Act. During the current year, we noted that these recommendations were corrected for the next fiscal years budget.

Uniform Chart of Accounts

In the prior year, we recommended that the Township review all current account numbers, compare them to the latest Uniform Chart of Accounts, and make revisions as necessary. We noted that the change was made part way through the year, after our recommendation.

Grand Rapids
2025 East Beltline SE
Suite 208
Grand Rapids, MI 49546
Phone (616) 954-3995
Fax (616) 954-3990

Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231)-798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Tax Disbursements

In the prior year, we found that the tax disbursements were not being remitted within the State guidance and recommended that the Treasurer begin properly paying these disbursements. We noted that after we made the recommendation, the tax disbursements were being made appropriately.

Credit Card Policy

As noted previously, the State requires that township with credit cards adopt a credit card policy. We did not notice that this policy was implemented and were not provided with a copy of the policy. Therefore, we again recommend that the Township adopt a credit card policy as soon as possible. The Michigan Township Association website has a sample credit card policy which the Township may want to use as a reference.

Proper Documentation of Transactions

In the prior year, we noted that the proper documentation was not attached to the check copy for the purchase of a trailer on April 14, 2006. Although this was noted in the previous audit, the check was dated after the fiscal year end March 31, 2006. Therefore, it was also noted during the current year audit. However, we did not find any other missing documentation for the items we tested during the current year's audit. In the future, we recommend that the Township continue to attach the proper documentation to all check copies.

We appreciate the courtesy extended to us during the course of the audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions regarding the audit.

Respectfully submitted,

Jodi DeKuiper, CPA

Jodi DeKuiper, CPA
Hendon & Slate, P.C.

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Board Members,
Golden Township
Mears, MI

In planning and performing our audit of the financial statements of Golden Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Golden Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Township's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies .

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program (such as the attached standards of ethics and conduct) as required by SAS 99.

Grand Rapids
2025 East Beltline SE
Suite 208
Grand Rapids, MI 49546
Phone (616) 954-3995
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Phone (231) 798-1040
Fax (231) 798-8409

Fremont
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Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Controls over the Selection and Application of Accounting Principles that are in Conformity with Generally Accepted Accounting Principles

The Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

Knowledge of Investment Policy

Township officials do not have adequate knowledge of the investment policy that was adopted by the Township.

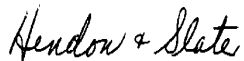
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

Knowledge of Investment Policy

As noted above, the lack of knowledge of the Township's investment policy is considered a material weakness.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Hendon & Slate, P.C.
Certified Public Accountants
August 24, 2007